

**GEARY COUNTY RURAL WATER DISTRICT NO. 4  
GEARY COUNTY, KANSAS**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

For the Years Ended December 31, 2011 and 2010

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
Geary County, Kansas

**TABLE OF CONTENTS**

	Page Number
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
STATEMENTS OF NET ASSETS	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	4
STATEMENTS OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 10
SUPPLEMENTAL INFORMATION	11
BUDGET REPORT - CASH BASIS	12



Pottberg, Gassman & Hoffman, Chtd

816 N Washington  
Junction City, KS 66441  
(785) 238-5166  
Fax (785) 238-6830

529 Humboldt, Suite I  
Manhattan, KS 66502  
(785) 537-9700  
Fax (785) 537-3734

505 NW 3rd, Suite 1  
Abilene, KS 67410  
(785) 263-2171  
Fax (785) 263-3340

www.pgh-cpa.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Geary County, Kansas  
Rural Water District No. 4  
Milford, Kansas 66514

We have audited the financial statements of Geary County Rural Water District No. 4, as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements present fairly, in all material respects, the financial position of Geary County Rural Water District No. 4, as of December 31, 2011 and 2010 and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on page 2 and budget report on page 12 are not required parts of basic financial statements but are supplementary information required by accounting principles generally accepted by the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and express no opinion on it.

*Pottberg, Gassman & Hoffman, Chtd.*

POTTBERG, GASSMAN & HOFFMAN, CHARTERED  
Junction City, Kansas  
April 30, 2012

MEMBERS:  
American Institute of  
Certified Public Accountants

Kansas Society of Certified  
Public Accountants



## **GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas

December 31, 2010

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

During the year 2011, the board of directors installed a new well and pipeline for elimination and or mitigation of the arsenic level in the water. The project was completed without incident and meets all requirements set forth by the Kansas Department of Health and Environment, Environmental Protection Agency, Kansas Department Of Transportation, and the Corp of Engineers.

Growth continues this year with the sale of 9 new benefit units. The district continues to absorb the growth with a total of 377 benefit units.

The District completed another improvement project after a faulty valve caused the media inside the filters to backwash out. The District's insurance covered the loss and the filters are operational.

The water sales for 2011 increased 7% over 2010. The district continued to set aside funds for capital improvements. Some of the funds from the set-aside account for principal and interest were used to pay off the 2003 bond issue one year early.

The drilling of a new well accomplished two things; it helped with potential growth and reduced the arsenic levels even more. The arsenic levels had been in violation of EPA guidelines in the prior year due to the decrease in the amounts allowed by the EPA. The district is currently in compliance due to changes in treatment of the water.

The District entered into discussion with the City of Milford for the purchase of water from the District. This project if adopted should be completed in 2012 and provide much needed water to Milford.

The budget adopted by the board for 2011 is a basic budget just to set guidelines for the District's expenditures. The district does not have any statutory requirements limiting expenses to those budgeted, but continues to monitor the budget and keep expenditures as close as possible to the budget.

The District obtained bonds to finance the new well and pipeline project. The District continues to have the KDHE loan and bonds for the new well project and meets all payments.

This financial report is designed to provide a general overview of the District's finances and demonstrate the District's commitment to public accountability. If you have any question about this report or would like to request additional information, contact the District office at 8425 Quarry Road, Milford, KS 66514.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**STATEMENTS OF NET ASSETS**  
**DECEMBER 31,**

**ASSETS**

<b>Current Assets</b>	<u>2011</u>	<u>2010</u>
Checking Account - CNB	\$ 50,953	\$ 44,472
Money Market - CNB Capital Improvement	58,122	51,939
Money Market - CNB Principal and Interest	112,667	92,956
Cash & Cash Equivalents	221,742	189,367
Accrued Interest Receivable	284	5,307
Accounts Receivable (net)	17,902	20,007
<b>Total Current Assets</b>	<u>239,928</u>	<u>214,681</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets</b>		
Utility System	1,290,148	1,275,305
Building	109,319	109,319
Equipment	36,085	36,085
Vehicle	19,000	19,000
Land Improvements	40,000	40,000
Land	18,036	18,036
Filtration System	529,073	529,073
Well Project	414,724	-
Accumulated Depreciation	(991,075)	(926,349)
<b>Total Capital Assets</b>	<u>1,465,310</u>	<u>1,100,469</u>
Bond Reserve - CNB Certificate of Deposit	46,527	45,380
2010 Bond Proceeds and Project Funds	16,598	360,000
Loan Reserve	38,397	38,397
Loan Fees (less accumulated amortization of \$229 and \$229)	3,027	3,256
Bond Issue Costs (less accumulated amortization of \$1,900 and \$158)	13,142	15,042
<b>Total Noncurrent Assets</b>	<u>1,583,001</u>	<u>1,562,544</u>
<b>TOTAL ASSETS</b>	<u>1,822,929</u>	<u>1,777,225</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued Interest Payable	4,509	5,073
Water Deposits	38,780	36,580
Current Portion of Long-Term Debt	41,897	41,306
<b>Total Current Liabilities</b>	<u>85,186</u>	<u>82,959</u>
<b>Noncurrent Liabilities</b>		
Public Water Supply Loan Fund	287,647	303,953
Revenue Bonds Payable - 2010	295,000	320,000
Discount on Bonds - 2010 (less accumulated amortization of \$600 and \$50)	(4,150)	(4,750)
Less Current Portion	(41,897)	(41,306)
<b>Total Noncurrent Liabilities</b>	<u>536,600</u>	<u>577,897</u>
<b>Total Liabilities</b>	<u>621,786</u>	<u>660,856</u>
<b>Net Assets</b>		
Invested in Capital Assets, net of related debt	886,813	481,266
<b>Restricted</b>		
Expendable - Bond Proceeds	-	300,000
Non-expendable - Bond Reserve	32,000	32,000
<b>Unrestricted</b>	<u>282,330</u>	<u>303,103</u>
<b>Total Net Assets</b>	<u>1,201,143</u>	<u>1,116,369</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$1,822,929</u>	<u>\$1,777,225</u>

The notes to the financial statements are an integral part of these statements.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Water Revenues	\$ 247,352	\$ 230,589
TOTAL OPERATING REVENUES	<u>247,352</u>	<u>230,589</u>
OPERATING EXPENSES		
Bank Charges	270	396
Billing Services	7,300	5,445
Chemicals	6,271	6,263
Dues	304	482
Insurance	9,651	9,302
Maintenance	8,606	12,411
Miscellaneous	231	751
Office Supplies	2,201	1,589
Officer's Fees	1,282	1,440
Payroll Taxes	3,211	2,888
Postage	2,575	1,538
Professional Fees	8,462	16,347
Reimbursements	2,038	2,606
Repairs	2,112	5,115
Retirement	1,157	1,115
Supplies	6,924	4,533
Taxes - Clean Water Fee	1,087	812
Taxes - Water Protection Fee	1,132	866
Telephone	2,463	2,191
Utilities	19,119	12,515
Vehicle Expenses	3,020	2,000
Wages	40,133	36,676
Water Conference Expense	800	250
Water Testing	793	212
Well Permits	400	1,000
TOTAL OPERATING EXPENSES	<u>131,542</u>	<u>128,743</u>
INCOME FROM OPERATIONS BEFORE		
AMORTIZATION AND DEPRECIATION	115,810	101,846
Amortization of Issuance Costs	(2,729)	(3,126)
Depreciation	(64,726)	(64,436)
OPERATING INCOME	<u>48,355</u>	<u>34,284</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	4,349	8,637
Other Income	5,700	6,105
Rent and Rebate	1,964	12,632
Loan Fees	(866)	-
Interest Expense	(18,853)	(13,144)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>7,706</u>	<u>14,230</u>
INCOME BEFORE CONTRIBUTIONS	<u>40,649</u>	<u>48,514</u>
Capital Contributions	44,125	14,000
CHANGE IN NET ASSETS	<u>84,774</u>	<u>62,514</u>
NET ASSETS, BEGINNING	1,116,369	1,053,855
NET ASSETS, ENDING	<u><u>\$ 1,201,143</u></u>	<u><u>\$ 1,116,369</u></u>

The notes to the financial statements are an integral part of these statements.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 249,457	\$ 227,070
Cash payments to suppliers for goods and services	(71,154)	(65,947)
Cash payments to employees and professional contractors for services	(60,388)	(62,796)
Net cash provided (used) by operating activities	<u>117,915</u>	<u>98,327</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(78,578)	(23,928)
Principal paid on bonds and notes	(41,306)	(135,736)
Interest paid on bonds and notes	(19,417)	(12,387)
Transfer to Project Funds	-	(60,000)
Loan Fees	(866)	-
Customer Deposits	2,200	1,780
Rent and Rebate	1,964	12,632
Capital contributions	49,825	20,105
Net cash provided (used) by capital and related financing activities	<u>(86,178)</u>	<u>(197,534)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	638	1,541
Net cash provided (used) by investing activities	<u>638</u>	<u>1,541</u>
Net increase (decrease) in cash and cash equivalents	32,375	(97,666)
CASH AND CASH EQUIVALENTS AT JANUARY 1,	189,367	287,033
CASH AND CASH EQUIVALENTS AT DECEMBER 31,	<u><u>221,742</u></u>	<u><u>189,367</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	48,355	34,284
Adjustments to reconcile operating income to net cash provided operating activities:		
Depreciation	64,726	64,436
Amortization	2,729	3,126
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	2,105	(3,519)
Total adjustments	<u>69,560</u>	<u>64,043</u>
Net cash provided by operating activities	<u><u>\$ 117,915</u></u>	<u><u>\$ 98,327</u></u>

The notes to the financial statements are an integral part of these statements.

## **GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas

December 31, 2011

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Organization Description

The Rural Water District No. 4, Geary County, Kansas, was declared incorporated as a quasi-municipal Corporation by the Board of Commissioners of Geary County, Kansas, in April of 1976. The District is located near Milford, Kansas and was organized pursuant to K.S.A. 89a-612 to provide water to its subscribers.

##### Basis of Accounting

The District's financial information is reported on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America. The District performs proprietary activities and therefore is subject to all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations that do not conflict with or contradict GASB pronouncements.

##### Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents. At December 31, 2011 and 2010, cash and cash equivalents consisted of demand and money market accounts with local financial institutions.

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Capital Assets

Capital assets purchased are capitalized at cost. Depreciation is recorded based on the estimated useful life of each asset using the straight-line method.

##### Allowance for Doubtful Accounts

The District bills customers on a monthly basis. Invoices not paid by the 16<sup>th</sup> of the month incur a late fee. A notice to disconnect is sent if the invoice remains unpaid. As most customers pay before they are disconnected and there have been no amounts written off in the past three years, management has set the allowance account at zero.

#### **NOTE 2 – DEPOSITORY SECURITY**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.



# GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas

December 31, 2011

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 – DEPOSITORY SECURITY (continued)

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods." The District has no designated "peak periods." All deposits were legally secured at December 31, 2011.

At December 31, 2011, the District's carrying amount of deposits was \$284,867 and the bank balance was \$297,919. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$266,598 was covered by federal depository insurance, \$31,321 was collateralized with securities held by the pledging financial institution's agents in the District's name.

### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are customer water bills that have been invoiced but remain unpaid. The balance is shown net of the allowances for doubtful accounts.

The following is an aging of accounts receivable for the District at December 31, 2011:

	<u>Total</u>	<u>Current</u>	<u>Over 30 Days</u>
Accounts Receivable	<u>\$17,902</u>	<u>\$17,902</u>	<u>\$ -</u>

### NOTE 4 – CAPITAL ASSETS

Capital assets are carried at cost. Depreciation of property and equipment are provided on the straight-line method over the following estimated useful lives:

Original Water System	50 years
Additions to System	40 years
Building	40 years
Machinery and Equipment	7 years
Computer Equipment	5 years
Computer Software	3 years

	<u>Beginning Balance</u>	<u>Accumulated Depreciation</u>	<u>Purchases</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Ending Balance – Net of Depreciation</u>
2010	\$2,002,890	(\$861,912)	\$23,928	(\$ -)	(\$64,436)	\$1,100,470
2011	\$2,026,818	(\$926,349)	\$429,567	(\$ -)	(\$64,726)	\$1,465,310

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas

December 31, 2011

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – BUDGETS AND BUDGETARY ACCOUNTING**

The District is not required to adopt a legal budget. Therefore, no budgetary comparison is prepared as a financial statement. The Board approves an estimated budget each year per K.S.A. 82a-628, which is used by management to internally monitor the District's expenditures and is presented as supplementary information.

**NOTE 6 – RETIREMENT PLAN**

The District has adopted a SEP-IRA plan. The plan allows the District to make contributions into individual retirement arrangements on behalf of the employees. Contributions are made at the financial institution where the employee maintains his or her SEP account. As an IRA the employee is always fully vested in the account. Eligible employees have reached age 21, worked for the employer in at least three of the immediately preceding five years, and received at least \$500 in compensation. All eligible employees receive the same percentage contribution from the District up to a maximum of 25% of their wages up to \$49,000. For the year ended December 31, 2011 the total retirement expense was \$1,117 (3% plus fees).

**NOTE 7 – BONDS PAYABLE**

On August 19, 2010, the district issued \$320,000 in Kansas Rural Water Finance Authority Refunding Revenue Bonds, Series C 2010 at an interest rate of 2.993%. Proceeds from these bonds were held in a bank account with United Bank & Trust to be used for construction on the new well and pipeline. Water revenues are used as security for these bonds.

The bonds were issued at various rates from 1.0% to 3.2% which mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2012	\$25,000	\$7,510	\$32,510
2013	25,000	7,260	32,260
2014	30,000	6,760	36,760
2015	30,000	6,160	36,160
2016	30,000	5,400	35,400
2017-2020	155,000	13,760	168,760
Totals	\$295,000	\$46,850	\$341,850

Issuance costs of \$15,200 were paid at the time these revenue bonds were issued. These costs are being capitalized and are being amortized over the life of the revenue bonds, 120 months, using the straight-line method. Amortization expense was \$1,900 in 2011 and \$158 in 2010.

The bonds were issued at a discount of \$4,800, which is being amortized over the life of the bonds, 120 months, using the straight-line method. Amortization expense was \$600 in 2011 and \$50 in 2010.

A bond reserve account of \$32,000 is required to be maintained for the life of the bonds. This amount plus interest earned is in a certificate of deposit at Central National Bank.

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**

Geary County, Kansas

December 31, 2011

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 8 – NOTE PAYABLE**

In September 2003 the District started construction on a Filtration Plant with money received from the Kansas Water Supply Loan Fund administered by the Kansas Department of Health and Environment. Construction was completed in September 2004. The loan fees totaled \$4,800, and are being amortized over the life of the loan, 21 years, using the straight-line method. The amortization expense was \$229 in 2011 and \$229 in 2010. A reserve account is held by the State in the amount of \$38,397. The loan is secured by water revenue.

The repayment schedule for this loan is as follows.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Service Fee</u>	<u>Total Payment</u>
2012	16,897	9,184	992	27,073
2013	17,509	8,632	932	27,073
2014	18,143	8,059	871	27,073
2015	18,800	7,466	807	27,073
2016	19,481	6,852	740	27,073
2017-2021	108,515	24,232	2,617	135,364
2022-2025	88,302	5,824	629	94,755
Totals	<u>\$287,647</u>	<u>\$70,249</u>	<u>\$7,588</u>	<u>\$365,484</u>

**NOTE 9 – LONG TERM DEBT SUMMARY**

The following schedule shows the changes in long-term debt and related maturities.

<u>Description</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Outstanding 1-1-11</u>	<u>Principal Payments</u>	<u>Outstanding 12-31-11</u>	<u>Date Due</u>	<u>Interest Paid In 2011</u>
State Loan	12/17/04	\$383,965	303,953	16,306	287,647	2/1/2025	9,717
Bond 2010	08/19/10	\$320,000	<u>320,000</u>	<u>25,000</u>	<u>295,000</u>	12/01/2020	<u>9,700</u>
Total Indebtedness			<u>\$623,953</u>	<u>\$41,306</u>	<u>\$579,647</u>		<u>\$19,417</u>

**NOTE 10 – DEBT SERVICE RATIO**

The bond issue and state loan covenants require the District to maintain a debt service ratio of at least 1.25.

Debt Service Ratio Calculation for the years ending:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Change in Net Assets	\$ 84,744	62,514
Interest Expense	18,853	15,110
Amortization & Depreciation	67,455	67,562
Less Capital Contributions	<u>(44,125)</u>	<u>(14,000)</u>
Total Revenue Available for Debt Service	<u>\$ 126,927</u>	<u>\$ 129,220</u>
Debt Service Payments	\$60,723	\$73,123
Debt Service Ratio	<u>2.09</u>	<u>1.77</u>

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
Geary County, Kansas  
December 31, 2011

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 – DEBT SERVICE RATIO (continued)**

The District is in compliance with the bond issue and state loan covenants. The 2003 bond issue was paid off early using savings rather than earnings in 2011; thus the calculation for 2010 only includes the required payment of \$45,000 and not the additional \$75,000 paid early.

**NOTE 11 - LITIGATION**

There were no legal actions involving the Geary County Rural Water District No. 4 as of December 31, 2011.

**NOTE 12 – RISK MANAGEMENT**

Geary County Rural Water District No. 4 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the District has purchased commercial insurance coverage from EMC Companies through Anderson Peck Agency Inc. in Topeka, Kansas. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

**NOTE 13 – RELATED PARTIES**

All the members of the board of directors are water district customers. The only material transactions were water purchases consummated on the same terms as all other water customers.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2011, to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through April 30, 2012, which is the date at which the financial statements were available to be issued.

## SUPPLEMENTAL INFORMATION

**GEARY COUNTY RURAL WATER DISTRICT NO. 4**  
**BUDGET REPORT - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
OPERATING REVENUE			
Water Revenues	\$ 222,000	\$ 249,457	\$ 27,457
TOTAL OPERATING REVENUES	<u>222,000</u>	<u>249,457</u>	<u>27,457</u>
EXPENDITURES			
Amortization	2,400	-	(2,400)
Bank Charges	63	270	207
Billing Services	7,260	7,300	40
Chemicals	6,600	6,271	(329)
Depreciation Expense	24,000	-	(24,000)
Dues	802	304	(498)
Insurance	9,300	9,651	351
Maintenance	9,080	8,606	(474)
Miscellaneous	810	231	(579)
Office Supplies	1,200	2,201	1,001
Officer's Fees	1,440	1,282	(158)
Payroll Taxes	3,400	3,211	(189)
Postage	1,200	2,575	1,375
Professional Fees	17,400	8,462	(8,938)
Reimbursements	2,700	2,038	(662)
Repairs	-	2,112	2,112
Retirement	1,136	1,157	21
Supplies	4,200	6,924	2,724
Taxes - Clean Water Fee	1,200	1,087	(113)
Taxes - Water Protection Fee	1,200	1,132	(68)
Telephone	2,280	2,463	183
Utilities	12,000	19,119	7,119
Vehicle Expenses	2,172	3,020	848
Wages	40,093	40,133	40
Water Conference Expense	300	800	500
Water Testing	240	793	553
Well Permits	1,200	400	(800)
TOTAL OPERATING EXPENDITURES	<u>153,676</u>	<u>131,542</u>	<u>(22,134)</u>
DEBT RETIREMENT:			
Principal Paid	25,200	41,306	16,106
Interest	18,840	19,417	577
TOTAL EXPENDITURES	<u>197,716</u>	<u>192,265</u>	<u>(5,451)</u>
OTHER INCOME (EXPENSES)			
Capital Improvements	-	(78,578)	(78,578)
Interest Income	3,600	638	(2,962)
New Benefit Units	6,000	44,125	38,125
Loan Fees	-	(866)	(866)
Rent Income	600	350	(250)
Water Deposits	-	2,200	2,200
Meter Pit	3,600	5,700	2,100
Insurance Rebate	2,100	1,614	(486)
TOTAL OTHER INCOME	<u>15,900</u>	<u>(24,817)</u>	<u>(40,717)</u>
INCREASE (DECREASE) IN CASH	<u>\$ 40,184</u>	<u>\$ 32,375</u>	<u>\$ (7,809)</u>

The notes to the financial statements are an integral part of these statements.